

# SENATE BILL REPORT

## SB 5863

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As Reported By Senate Committee On:  
Government Operations & Elections, February 05, 2008

**Title:** An act relating to establishing fair market property values by considering the growth management act.

**Brief Description:** Requiring the county assessor to consider the growth management act when establishing fair market property values.

**Sponsors:** Senators Kilmer, Honeyford, Tom, Marr, Delvin, Jacobsen and Rasmussen.

**Brief History:**

**Committee Activity:** Government Operations & Elections: 1/31/08, 2/5/08 [DP].

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### SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

**Majority Report:** Do pass.

Signed by Senators Fairley, Chair; Oemig, Vice Chair; Roach, Ranking Minority Member; Kline, McDermott and Pridemore.

**Staff:** Khalia Gibson (786-7460)

**Background:** The primary duty and responsibility of the county assessor is to assess all real property within the designated jurisdiction. The assessors are responsible for residential, commercial, industrial, and agricultural classes of property.

Real property is revalued every two years, and the effective date of the assessment is January 1 of the current year. The assessor determines a full or partial value of new construction or improvements depending upon the state of completion as of January 1 of the applicable year. Assessors are appointed to their position by a conference board consisting of the members of the board of supervisors, the mayors of all incorporated cities, and a member from each school district within the jurisdiction

To estimate the fair market value of property, the assessor uses one of three approaches. The first approach is to find properties that are comparable to the subject property which have sold recently. The second approach is the market approach which looks at sales ratio studies to determine the general level of assessment in a community in order to adjust for local conditions. The income approach uses and estimate of how many dollars at current labor and material prices it would take to replace your property with one similar to it. The income approach is only used if the property produces some income, such as an apartment or office building.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Summary of Bill:** The county assessor must take restrictions imposed by the growth management act into consideration when establishing the fair market value of property.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: As we respond to state mandates, there is a constant taking of private property rights. There needs to be a tool that citizens can use when petitioning for true and fair market value. Unless the citizens petition, there is no leverage and the county assessor's value determination is the final word. There is already a provision in the constitution to the effect of the bill, and this is a good opportunity to be consistent with the current statutes. County assessors already consider buffers and reduced value in determining fair market value. The bill simply aligns the Shoreline Management Act with Growth Management Act principles.

OTHER: This bill would not be making any changes because the county assessors already perform these checks before making assessments. There seems to be some confusion between property value and property use. People own valuable property that they cannot use, but everyone is not affected by this bill. The bill is not specific enough, we must spell out what we want the county assessor to do.

**Persons Testifying:** PRO: Terry Lee, citizen.

OTHER: Robert Carlton, Washington State Association of County Assessors; Paul Carkeek.